

# FISCAL NOTE

**Bill #:** SB0300

**Title:** Eliminate assessment of additional permit fees for certain small metal mines

**Primary Sponsor:** Grimes, D

**Status:** As Amended in Senate Committee

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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## Fiscal Summary

	<b><u>FY 2004 Difference</u></b>	<b><u>FY 2005 Difference</u></b>
<b>Expenditures:</b>		
General Fund	\$120,000	\$120,000
<b>Revenue:</b>		
General Fund	\$0	\$0
<b>Net Impact on General Fund Balance:</b>	(\$120,000)	(\$120,000)

<input type="checkbox"/> Significant Local Gov. Impact	<input checked="" type="checkbox"/> Technical Concerns
<input type="checkbox"/> Included in the Executive Budget	<input type="checkbox"/> Significant Long-Term Impacts
<input type="checkbox"/> Dedicated Revenue Form Attached	<input checked="" type="checkbox"/> Needs to be included in HB 2

## Fiscal Analysis

### ASSUMPTIONS:

1. The applicant for an operating permit for metal mine operations will no longer pay for application review and environmental assessment on projects less than 20 acres which are unlikely to result in significant environmental impacts.
2. However, a determination of whether the project has the potential to cause significant impact must still be made.
3. It is difficult to determine the exact fiscal impact of this bill because the impact is dependent on how many projects are proposed, the type of mining operation, and the potential environmental impacts.
4. DEQ staff is aware of at least five new projects with possible disturbance under 20 acres which could require review and assessment in the next biennium. Issues associated with these projects include cyanide heap leaching of ore produced from an underground mine, cyanide vat leaching of previously mined rock, custom cyanide vat leaching, acid rock drainage, impacts of mine dewatering on local ground water, arsenic levels, and whether asbestiform minerals are associated with vermiculite ore. There is no direct relationship between disturbance area and potential environmental impacts. Impacts are determined by factors such as the type of ore deposit (oxide, sulfide, bulk rock) and associated geology, quantity and quality of water resources within and adjacent to the site, structures built on the

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- site, processing chemicals used, type of mine (underground vs. open pit), site access, and site topography and climate.
5. The cost of the environmental analysis and review is based on the amount of site characterization necessary to reach a decision. Without a site-specific application, accurate cost estimates for an environmental review are difficult. The following factors all add to the final cost of the review: sampling and analysis of geology, soils, water quality, hydrology, and geochemistry; the effect of mining on the alteration of these environmental components and the subsequent use of these components by and the impact on humans, wildlife; Threatened & Endangered (T&E) species; and document preparation.
  6. Current practice is to review the application, conduct a site visit, and identify potential environmental impacts. If, through application review and site visits, staff can determine all necessary information is available to conclude through an EA that the proposal is unlikely to cause environmental impact, the permit can be issued. This is done with current staffing levels at no cost to the applicant whenever possible. This process is not expected to change based on this bill.
  7. Currently, if, through application review and site visits, staff determines that there is the potential for significant environmental impacts, the process will advance to an Environmental Impact Statement. Fees will be assessed pursuant to Title 75, Chapter 1, parts 1 and 2, MCA. This process is not expected to change as a result of this bill. (see technical note #2)
  8. If, through application review and site visits, staff is unable to affirmatively determine that the project “is unlikely to result in significant environmental impact,” additional information would be requested from the applicant. At this point, the applicant can present the necessary information and the process moves forward as described in Assumptions # 6 and 7 or the applicant may decide not to respond to the department’s request. For purposes of this fiscal note, it is assumed that if the applicant does not provide the information necessary to make a determination of significant environmental impact, the department would have to bear the costs associated with the collection of the information. (see technical note #1)
  9. All of the five potential projects that have been discussed with DEQ staff and are previously mentioned in Assumption #4 have complex contentious issues (i.e., cyanide processing or vermiculite). Based on estimated costs of general baseline requirements for water quality, acid rock drainage potential, and asbestiform minerals, each project’s baseline is assumed to be \$60,000 including staff time, testing, and lab analysis.
  10. For the purposes of this fiscal note, the projects are divided between the two fiscal years, with one vermiculite project in each year, one cyanide project in FY 2004 and two cyanide projects in FY 2005.
  11. Since there is no alternative revenue source to the applicant fees provided for in the bill, it is assumed that general fund would be appropriated to pay the cost of the analysis required per Assumption # 2.

### FISCAL IMPACT:

<b>DEQ Program 50</b>	<b>FY 2004 <u>Difference</u></b>	<b>FY 2005 <u>Difference</u></b>
<u>Expenditures:</u>		
Operating Expenses	\$120,000	\$120,000
<u>Funding of Expenditures:</u>		
General Fund (01)	\$120,000	\$120,000

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Revenues:

General Fund (01)	\$0	\$0
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Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	(\$120,000)	(\$120,000)
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TECHNICAL NOTES:

1. This bill does not indicate whether the DEQ could impose fees if, upon reviewing permit application, the department determined that it has insufficient information to make a determination whether the project “is unlikely to result in significant environmental impacts.”
2. This bill does not specify if the exemption from “any fees beyond the basic permit fee” applies to EIS fees assessed per Title 75, Chapter 1, parts 1 and 2.
3. Under Title 75, Chapter 1, parts 1 and 2, the agency is required to prepare an EIS if the project may have significant impact(s). This bill may exempt an applicant from EIS fees (see technical note #2) if significant impact is “unlikely.” This discrepancy could lead to a situation in which the DEQ would be required to prepare an EIS, but could not require payment of EIS fees.